

TRANSITIONAL RULES FOR THE PRINCE EDWARD ISLAND CHARITY/QUALIFYING NON-PROFIT ORGANIZATION HST REBATE RATE INCREASE

Transitional Rules

In general, the 50 per cent rebate rate will apply for the purposes of determining a rebate of a person for claim periods ending on or after January 1, 2023.

It will not, however, apply for the purpose of determining a rebate of a person in respect of:

- tax that became payable by the person before January 1, 2023,
- an amount that is deemed to have been paid or collected by the person before January 1, 2023, or
- an amount that is required to be added in determining the person's net tax as a result of a branch or division of the person becoming a small supplier division before January 1, 2023, or as a result of the person ceasing before January 1, 2023 to be a registrant.

Instead, the 35 per cent rebate rate will generally apply in the above instances.

To facilitate an orderly transition to the increased provincial HST rebate rate for charities and QNPOs and to protect the integrity of the tax system, the proposed transitional rules will include an anti-avoidance rule that could limit, in certain specific cases, the availability of the increased rebate rate in respect of certain property disposed of by a charity or QNPO and subsequently reacquired by the charity or QNPO.

Streamlined Accounting

Eligible public service bodies may account for tax using the Special Quick Method for Public Service Bodies to simplify compliance. This allows the public service body to remit an amount of tax that is a percentage (the "remittance rate") of its eligible GST (Goods and Services Tax)/HST-included sales. In general, this allows the entity to avoid having to keep track of the GST/HST collected on sales and paid on purchases.

The remittance rates are set out in the federal *Streamlined Accounting (GST/HST) Regulations* under the ETA.

As a result of the increased provincial HST rebate rate for charities and QNPOs, new remittance rates are required for the Special Quick Method for Public Service Bodies for designated charities and QNPOs.

- Charities generally account for tax using the net tax calculation for charities. This calculation is unaffected by the rebate rate change. However, the net tax calculation for charities is not used by designated charities, which are charities that provide employment assistance to individuals with disabilities, supply services that are performed by such individuals to clients, and have been designated by the Minister of National Revenue. Instead, designated charities may elect to use the Special Quick Method for Public Service Bodies.

The proposed new rates for designated charities and QNPOs are as follows:

Remittance Rates for Designated Charities and Qualifying Non-Profit Organizations in PEI Using the Special Quick Method of Accounting after December 31, 2023		
Supplies Made in		
Non-participating province	Ontario	NS or NL or NB or PEI
1.40%	8.40%	10.00%

The above remittance rates apply for the purpose of determining the net tax of a designated charity or qualifying NPO for reporting periods of the entity that begin after December 31, 2022. For reporting periods that begin before January 1, 2023 and end after December 31, 2022, the remittance rates that apply before the proposed changes come into effect continue to apply in respect of a supply for which consideration becomes due or is paid before January 1, 2023.

Administration and Enforcement of the HST

Administration and enforcement of the HST is the responsibility of the Canada Revenue Agency (CRA). This responsibility includes processing rebate applications and making rulings and interpretations on the application of HST. All individuals and businesses must deal directly with the CRA for any of these or other administrative and enforcement issues. For more information please contact the [Canada Revenue Agency](#) .

Disclaimer: This notice is intended to provide information respecting the Harmonized Sales Tax (HST) in the Province of Prince Edward Island under the *Excise Tax Act* (Canada). This should not be regarded as a replacement of the laws, regulations or administrative documents to which it refers.